

UNICREDIT

Sector: Banks

NEUTRAL

Price: Eu57.02 - Target: Eu52.00

Positive Quarterly Results in Sight, but Market Focused on M&A

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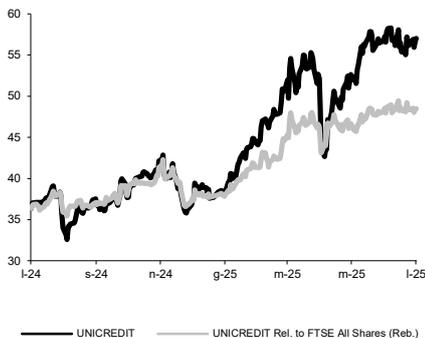
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 50.00 to 52.00		
	2025E	2026E	2027E
Chg in Adj EPS	1.0%	1.4%	1.6%

Next Event

Results Out on July 23

UNICREDIT - 12M Performance



Stock Data

Reuters code:	CRDI.MI		
Bloomberg code:	UCG IM		
Performance	1M	3M	12M
Absolute	-0.4%	17.5%	56.8%
Relative	-0.1%	9.4%	39.2%
12M (H/L)	58.29/32.60		
3M Average Volume (th):	7,145.14		

Shareholder Data

No. of Ord shares (mn):	1,544
Total no. of shares (mn):	1,451
Mkt Cap Ord (Eu mn):	88,050
Total Mkt Cap (Eu mn):	88,050
Mkt Float - Ord (Eu mn):	70,500
Mkt Float (in %):	80.1%
Main Shareholder:	
Blackrock	5.9%

Balance Sheet Data

Tangible Equity (Eu mn):	61,023
TEPS (Eu):	42.06
CET1 Ratio Fully Loaded:	16.3%
Gross NPE Ratio:	2.7%

UCG recently brought its 2Q25 release forward from 29 July to 23 July, scheduling the BoD for 22 July. This date coincides with the last available day for increasing the consideration offered to BAMI shareholders. We note that the offer is still at an implicit discount of 6.3% to the BAMI stock price. On 9 July, Lazio's TAR will rule on the Golden Power situation, and press rumours suggest DGComp may also offer its opinion. In our view, these factors could be taken into consideration in UCG's decision on how to proceed with the offer.

In any case, 2Q results are set to be solid, albeit slowing slightly, but we continue to prefer peers with greater exposure to fee-based businesses (WIM, AM, Bancassurance). We confirm our NEUTRAL recommendation, raising our TP to €52.

■ **2Q25 results preview:** UniCredit's 2Q25 results should be solid, but softer than 1Q. The top line is set to be softer: NII remains resilient, combining the step-down in interest rates and a longer quarter, but fees should have eased off as both investment- and financing-related commissions cool, only partly offset by the newly integrated insurance flows, while trading income reduces sharply to a normalised level. Dividends from strategic equity stakes add a useful boost. On costs, we allow for a small uptick in administrative spending, although efficiency should remain best-in-class, with a cost/income ratio of 38.1%. Below the line, we are building in a slight rise in CoR to 11bp, leaving us to project net profit of roughly €2.54bn and a CET1 ratio of 16.36%, assuming no—or only marginal—DTA releases.

■ **Change in estimates:** we have only tweaked our forecasts around the edges. A small top line rise - chiefly driven by richer trading income and a stronger dividend stream from strategic investments - filters through to the bottom line, while we now assume slightly leaner payroll costs thanks to ongoing efficiency gains, offset by modest increases in administrative spending and depreciation. That mix leaves operating profit 0.9% higher in FY25 and 1.4% higher in both FY26 and FY27. Below the line we are nudging our cost of risk up by roughly 1bp on average. Taken together, these adjustments lift our adjusted net profit by about 1% in FY25 and 1.4% in FY26/27.

■ **M&A:** we expect UCG to provide some colour on its M&A, especially BAMI, for which the VEO ends on 23 July. We think the offer is clearly mispriced, and UCG could decide whether to increase the consideration or not finalise the offer, possibly influenced by the TAR ruling, expected on 9 July.

As for CBK, UCG is trying to enter friendly talks with both the German government and CBK itself, but political obstacles seem daunting. Management still has a range of options at its disposal: it could exercise its derivatives, launch a tender offer or sell the stake.

■ **Valuation (NEUTRAL, TP €52):** we value UCG using a Gordon Growth implicit P/TE. Given the afore-mentioned changes to our estimates, we are now raising the FV to €52 per share. The stock is trading at 1.35/1.27/1.18x its FY25/26/27 TE, at target it would trade at 1.24/1.16/1.08x.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	23,826	24,844	24,552	24,617	25,051
Net Operating Profit (Eu mn)	14,366	15,439	15,039	15,122	15,540
Net Profit Adj (Eu mn)	8,844	9,336	9,709	9,653	9,938
EPS New Adj (Eu)	5.166	6.046	6.692	7.026	7.665
EPS Old Adj (Eu)	5.166	6.046	6.626	6.926	7.546
DPS (Eu)	1.761	2.416	3.346	3.513	3.833
P/E Adj	11.0	9.4	8.5	8.1	7.4
Div. Yield	3.1%	4.2%	5.9%	6.2%	6.7%
P/TE	1.58	1.46	1.36	1.27	1.18
ROTE	14.3%	15.5%	15.9%	15.6%	15.8%

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5%-6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMBI40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	31.85 %
OUTPERFORM:	37.78 %
NEUTRAL:	30.37 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 30 June 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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